

Message Text

LIMITED OFFICIAL USE

PAGE 01 VIENTI 06142 071139Z

42

ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

ABF-01 L-03 CIAE-00 INR-11 NSAE-00 DRC-01 AGR-20 /127 W

----- 121878

P 071058Z AUG 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 0291

LIMITED OFFICIAL USE VIENTIANE 6142

E.O. 11652: N/A

TAGS: EAID, LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT, JULY 31 - AUG 6, 1974

1. FOLLOWING OVER TWO WEEKS (SINCE JULY 18) WITHOUT FOREIGN EXCHANGE TRANSACTIONS, COMMERCIAL BANKS BEGAN SALES OF LIMITED AMOUNTS OF DOLLARS ON AUGUST 5, THUS MARKING BEGINNING OF PGNU'S PROGRAM OF STRICTER CONTROL AND ALLOCATION OF FOREIGN EXCHANGE. THE CURB MARKET HAS CONTINUED TO BE VERY INACTIVE WITH MONEY CHANGERS AND OTHER UNAUTHORIZED DEALERS SELLING VIRTUALLY NO DOLLARS AND VERY LITTLE BAHT.

2. EXCHANGE RATES FOR DOLLARS AND BAHT IN CURB MARKET DURING PAST WEEK HAVE AS EXPECTED SHOWN STEADY INCREASES. MONEY CHANGERS JULY 31 WERE PAYING APPROXIMATELY 980 - 1,020 KIP PER DOLLAR, WHILE BY AUGUST 6 THEY WERE PAYING 1,120 - 1,140 KIP PER DOLLAR. DOLLARS WERE NOT BEING SOLD IN SIGNIFICANT AMOUNTS. BAHT/KIP EXCHANGE RATES INCREASED DURING THIS PERIOD IN SIMILAR FASHION, WITH LIMITED AMOUNTS OF BAHT OFFERED FOR SALE.

3. OF SELECTED IMPORT ITEMS WE REGULARLY SURVEY, AS OF JULY 31 ONLY A LIMITED NUMBER WERE IN SHORT SUPPLY OR SHOWED PRICE INCREASES SINCE END JUNE. THE EXPLANATION SEEMS TO BE THAT A) ALREADY HIGH PRICES HAVE DECREASED DEMAND B) AUTHORITIES ARE APPLYING PRESSURE TO CONTAIN PRICE INCREASES C) SHOPKEEPERS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 VIENTI 06142 071139Z

ARE WORKING ON OLD INVENTORIES AND WILLING TO SELL AT THEIR US-

UAL PROFIT MARGINS, AND D) HIGHER PRICES WILL COME WITH NEW INVENTORIES. PRICE INCREASES AND SHORTAGES THAT DO EXIST ARE GENERALLY WITH ITEMS IN HIGH DEMAND.

4. THE NATIONAL RICE OFFICE (NRO), WHICH BEGAN LIMITED SALES OF RICE LAST WEEK, HAS NOW ANNOUNCED A GREATLY EXPANDED PROGRAM WHEREBY ADO (AGRICULTURAL DEVELOPMENT ORGANIZATION) WILL ATTEMPT TO SELL RICE AT PRICES SOMEWHAT BELOW EXISTING MARKET PRICES TO A SIGNIFICANT PORTION OF THE REGULAR VIENTIANE COMMERCIAL MARKET. DETAILS NOT YET AVAILABLE. THIS ACTION DIRECTED BY PGNU, FOLLOWS RECENT PERSONNEL SHIFTS, INCLUDING TRANSFER OF DIR OF AGRICULTURE TO NEW POST OD DIR NATIONAL RICE OFFICE.

5. COST-OF-LIVING HAS STABILIZED DURING LAST TWO WEEKS. FOLLOWING INITIAL SHARP INCREASES OF APPROXIMATELY 14 PERCENT DURING WEEK FOLLOWING CLOSURE OF BANKS STARTING JULY 19, COST OF LIVING HAS DECLINED SLIGHTLY AND STABILIZED (TEMPORARILY) AT A LEVEL 11.7 PERCENT ABOVE JULY 17 LEVEL (LAST PRICE SURVEY TAKEN PRIOR TO BANK CLOSURE). USAID COST-OF-LIVING INDEX AUGUST 5 REFLECTED PRICE INCREASES AS FOLLOWS:

	PERCENT INCREASE SINCE		
	JULY 29	JULY 17	END-1973
GENERAL INDEX	(-0.2)	12.1	49.9
RICE INDEX	0.0	32.6	83.2
NON-RICE INDEX	(-0.3)	6.8	41.5

WHITEHOUSE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, RICE, COST OF LIVING, FOREIGN EXCHANGE RATES, FINANCIAL DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 07 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974VIENTI06142
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740215-0633
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740865/aaaacefu.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Aug-2002 by shawdg>; APPROVED <24 FEB 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WEEKLY ECONOMIC SITUATION REPORT, JULY 31 - AUG 6, 1974
TAGS: EAID, LA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005